

**CITY OF RENTON**  
**King County, Washington**  
**January 1, 1994 Through December 31, 1994**

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**Schedule Of Findings**

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1. The City Should Improve Internal Controls Over Cash Receipts

We observed the following internal control weaknesses over cash receipts from building and fire prevention permits:

- a. Accountability for the cash drawer had not been assigned to one individual. Various available personnel worked out of the same computer/cash drawer.
- b. Receipts were not always transferred timely and intact to the finance department for deposit in the bank. Two of three locations transferred weekly. Some individual checks were held and transferred separately.
- c. Individuals often keyed in inaccurate or incomplete information and sometimes backdated transactions, compromising the system's ability to produce reliable financial reports for balancing/reconciliation purposes. The finance department could not balance or reconcile receipt numbers to revenues.
- d. Individuals did not obtain and document supervisor approval for voided transactions.
- e. Revenue information was being recorded three times, with only the third time resulting in the day's activities being recorded in the city's accounting system.

Early in 1994, the city's planning/building/public works department installed PERMITS, an off-the-shelf computer application for tracking building and fire prevention permit data and for accounting for the related cash receipts (\$2.2 million in 1994). Three scattered computer/cash drawers were linked to a single network service which issued one series of receipts. Multiple operators at each location input the specifics about the permit applications, calculated the amount due from the applicant, and collected the cash or check payment.

The busiest of the three locations transferred the money daily to the city's finance department, while the other two locations transferred the money weekly. The finance department, acting as city treasurer, made the bank deposits and recorded the revenue in the accounting system.

The new network system, particularly its characteristic of issuing receipt numbers from a single series to three different computer/cash drawers transferring money over different time periods, complicated the receipt reconciliation process for the departments involved.

Although we found no indications of irregularities, sums could have been misappropriated without timely detection. The weaknesses resulted in additional audit effort to obtain reasonable assurance that all funds were collected, recorded, and deposited.

We recommend that the departments involved and the software vendor work together to improve the system's internal controls.